

Message Text

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ACTION AF-18

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FM AMEMBASSY KHARTOUM

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E.O. 11652: NA

TAGS: EGEN, SU

SUBJ: SECOND GUM ARABIC TENDER

REF: KHARTOUM 1361

1. EMBASSY GETTING CONFLICTING REPORTS ON RESULTS OF SECOND GUM ARABIC TENDER. POINTS ON WHICH THERE APPEARS BE CONSENSUS ARE THAT US BUYERS WERE AWARDED QUANTITIES THEY BID FOR, BUT THAT THESE QUANTITIES MUCH REDUCED FROM THOSE SOUGHT BY US BUYERS ON FIRST TENDER. GUM ARABIC CORPORATION (GAC) OFFICIALS SPECULATE THAT EITHER US MARKET NOW HAS SUFFICIENT GUM MEET NEEDS UNTIL LATE SUMMER, OR US BUYERS MEETING DEMAND THROUGH BROKERS IN UK AND ELSEWHERE. AS FOR TOTAL QUANTITY OFFERED IN TENDER, WE HAVE HEARD FIGURE AS LOW AS 3000 MT TO AS HIGH AS 7000 MT SOLD ON FIRST TENDER. RE PRICES, GAC GENERAL MANAGER, OSMAN MUHAMMAD HASSAN, INFORMED EMBOFF THEY ROUGHLY SAME AS FIRST TENDER BUT LESSER GAC OFFICIAL TOLD EMBASSY SUDANESE EMPLOYEE THEY DOWN NEARLY 10 PERCENT ON AVERAGE. AS FOR TOTAL, HASSAN SAID IT IN VICINITY 25,000 MT.

2. RE MARKETING REMAINDER OF CROP, WE GETTING DIFFERING
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REPORT OF TOTAL AVAILABLE FOR 1973/74 SEASON WITH FIGURES

RUNNING FROM 22,000 TO 30,000 MT. ONE THING IS CERTAIN,
GAC HAS MANAGED, WITH SUPPORT OTHER GOVERNMENT ENTITIES,
TO GET ITS HANDS ON ADDITIONAL QUANTITIES OF GUM. AMONG

OTHER VEHICLES USED WAS FOR BANK OF SUDAN TO INSTRUCT COMMERCIAL
BANKS TO RECALL LOANS MADE TO MIDDLEMAN, THUS
FORCING LATTER SELL STOCKS TO GAC. WHETHER THESE MEASURES
HAVE BEEN TOTALLY EFFECTIVE, HOWEVER, REMAINS DOUBTFUL.

3. COMMENT: IN BRIEF, GUM ARABIC PICTURE STICKY.
RESULT, AS ONE MIGHT EXPECT, IS THAT DEBATE CONTINUES
RE ADVISABILITY CONTINUING PRESENT TENDER POLICY VS REVERTING
TO FORMER FIXED PRICE SYSTEM. GAC PROFESSES BE UNCONCERNED
BY POSSIBILITY BUYERS SWITCHING TO GUM SUBSTITUTES, BUT
IT OUR IMPRESSION THAT THIS PERHAPS BIT FALSE BRAVADO AND
THAT GAC POSSIBLY INCREASINGLY CONCERNED THAT SOME ITS
INITIAL FEARS RE CONSEQUENCES 1973/74 MARKETING POLICY NOW
BEING BORNE OUT. IT NEVERTHELESS ANOTHER MATTER TO PREDICT
GAC WILL BE IN A POSITION DICTATE CHANGE IN POLICY.
BREWER

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